

CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

Mary Ann Shulman, Esq. SBN 190164  
Rebecca M. Westmore, Esq. SBN 148152  
45 Fremont Street, 21<sup>st</sup> Floor  
San Francisco, California 94105  
Telephone: 415/538-4133  
Facsimile: 415/904-5490

Attorneys for the  
California Department of Insurance

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF CALIFORNIA  
SAN FRANCISCO**

In the Matter of the Certificate of Authority  
of:

File No. DISP05048942  
OAH No. N2006110084

STEWART TITLE GUARANTY  
COMPANY,

**ORDER RE STIPULATION AND WAIVER**

Respondent.

WHEREAS, on or about August 29, 2006, the Commissioner of Insurance (hereafter  
"Commissioner") caused to be served upon STEWART TITLE GUARANTY COMPANY  
(hereafter "STEWART TITLE") an Accusation, Notice of Noncompliance, Demand for  
Monetary Penalty, and Right to Issue Order to Show Cause, denominated "In the Matter of the  
Certificate of Authority of: STEWART TITLE GUARANTY COMPANY, Respondent," File  
No. DISP05048942, and subsequently caused to be served upon STEWART TITLE a First

1 Amended Accusation on May 18, 2007 and a Second Amended Accusation on June 27, 2007,  
2 (hereafter collectively "Accusation"). Said Accusation is incorporated herein by reference, and  
3 alleged that STEWART TITLE engaged in activities which constitute an unfair method of  
4 competition and/or unfair or deceptive acts or practices, in violation of California Insurance Code  
5 §§790.03(d), 790.03(e), and 790.06(a); filed false annual and financial statements, in violation of  
6 California Insurance Code §§900 and 900.9; and engaged in unlawful rebate activities in violation  
7 of the requirements and standards of Article 6, Chapter 1, Part 6, Division 2 (commencing with  
8 §12404) of the Insurance Code; and,  
9

10 WHEREAS, Respondent has executed a Stipulation and Waiver in which it waived its  
11 rights to a hearing in this matter, and any other rights which may be accorded pursuant to the  
12 provisions of the California Administrative Procedure Act (Government Code Sections 11500-  
13 11528) or California Insurance Code, and has stipulated to the entry of this Order. Said  
14 Stipulation and Waiver is incorporated herein by reference; and,  
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16 GOOD CAUSE APPEARING,

17 IT IS HEREBY ORDERED that STEWART TITLE shall Cease and Desist from  
18 engaging in captive reinsurance business arrangements in California which may be in violation of  
19 California Insurance Code §§12404 and 12405; and,  
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21 IT IS FURTHER ORDERED that STEWART TITLE shall Cease and Desist from  
22 engaging in unfair methods of competition and unfair and deceptive acts or practices in the  
23 business of title insurance in violation of, or noncompliant with, California Insurance Code  
24 §§790.03(d), 790.03(e), 790.06(a), 900, 900.8, and 900.9; and,  
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26 IT IS FURTHER ORDERED that STEWART TITLE shall comply with the provisions of  
California Insurance Code §§12404, 12405, and 12406 prohibiting illegal rebate/inducement  
activities; and,

1 IT IS FURTHER ORDERED that STEWART TITLE shall pay, within 10 business days  
2 of receipt of an invoice from the California Department of Insurance, Division of Accounting, the  
3 amount of one million four hundred dollars (\$1,000,400.00) to the California Department of  
4 Insurance ("DEPARTMENT") as a monetary penalty pursuant to California Insurance Code  
5 §§12409, 12976, and 790.035 in settlement of the Accusation; and,  
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7 IT IS FURTHER ORDERED that this Order shall become effective immediately upon the  
8 date set forth below.

9 IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal,  
10 this 24<sup>th</sup> day of August, 2007.

11 STEVE POIZNER  
12 Insurance Commissioner

13 By:   
14 JAMES RICHARDSON  
15 Chief Deputy Insurance Commissioner  
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